

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

UNCLAS STATE 208066

E.O. 11652: N/A

TAGS: APUB, CG

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO ZAIRE

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON
THE DIRECT CREDIT OF \$56,250,000 TO SOCIETE MINIERE DE
TENKE-FUNGURUME (SMTF). RELEASE IS SCHEDULED FOR
ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS,
THURSDAY, OCTOBER 3, 1974.

QUOTE: EXIMBANK CREDIT OF \$56,250,000 SUPPORTS \$125 MILLION
SALE OF U.S. EQUIPMENT FOR MINING
PROJECT IN ZAIRE

TO SUPPORT A \$125 MILLION SALE OF U.S. GOODS AND SERVICES
REQUIRED FOR A COPPER MINING AND PROCESSING PROJECT IN
ZAIRE, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF
THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF
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\$56,250,000 TO FINANCE 45 PERCENT OF THE TOTAL U.S.

COSTS AND A FINANCIAL GUARANTEE OF A CREDIT OF \$56,250,000 TO BE PROVIDED BY A CONSORTIUM OF BANKS LED BY CHASE MANHATTAN BANK, NEW YORK, TO FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. THE OBLIGOR, SOCIETE MINIERE DE TENKE-FUNGURUME (SMTF), WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR \$12,500,000. EXIMBANK WILL ALSO PROVIDE A FINANCIAL GUARANTEE OF A LOCAL COST LOAN OF \$18,750,000.

SINCE 1970, SMTF HAS BEEN ENGAGED IN THE EXPLORATION OF MINERAL DEPOSITS IN THE SHABA PROVINCE OF ZAIRE. TO DATE, 13 SEPARATE DEPOSITS OF COPPER AND COBALT MINERALIZATION HAVE BEEN EXPLORED. INITIAL ANNUAL CAPACITY OF THE PROJECT IS EXPECTED TO BE 130,000 TONS OF REFINED COPPER AND 6,500 TONS OF COBALT.

FLUOR UTAH INC., OF SAN MATEO, CALIFORNIA, WILL BE THE PRIME CONTRACTOR FOR THE PROJECT FOR WHICH EXIMBANK'S FINANCIAL ASSISTANCE IS BEING EXTENDED. THE LOANS ARE TO BE REPAYED IN 40 QUARTERLY INSTALLMENTS BEGINNING JUNE 10, 1978. EXIMBANK'S DIRECT CREDIT OF \$56,250,000 WILL BE REPAYED OUT OF THE LAST 20 QUARTERLY INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT EXTENDED BY THE PARTICIPATING COMMERCIAL BANKS RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER OF ABOUT 9.2 PERCENT TO 9.45 PERCENT PER ANNUM. UNQUOTE. KISSINGER

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